



*Defense Logistics Agency
Defense National Stockpile Center*

*Tungsten Ores and
Concentrates
Industry Meeting*

March 20, 2003



Our Primary Mission

- ◆ To provide the U.S. with a defense stockpile of strategic and critical materials.
- ◆ To insure the U.S. Industrial Base against dependence upon foreign sources in times of national emergency.
- ◆ To maintain the stockpiled materials in forms suitable for modern industry.



Annual Materials Plan (AMP)

- ◆ Defense Authorization Acts give general authority to sell commodities
- ◆ Annual Materials Plan (AMP) sets specific annual sales ceilings
- ◆ Market Impact Committee advises on AMP



Stockpile Sales *...by law must:*

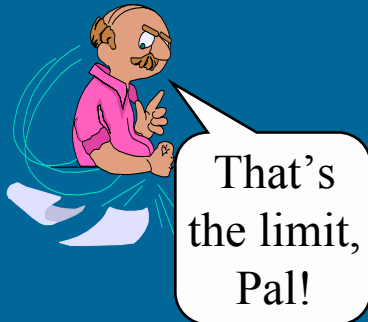
- Be competitive

So we can and do accept bids from both domestic and foreign concerns and, occasionally, from a foreign government

- “...avoid undue disruption of the usual markets of producers, processors and consumers...”

- “...protect against avoidable loss...”

*So we have an Annual Materials Plan, or AMP, which sets a limit to how much we can **offer** in any one year*





Market Impact Committee

◆ Mission of this Committee: “...advise the *Stockpile Manager* on economic effects of *disposals*...”

◆ Members of this Committee:

State (Co-Chair)

Interior

Commerce (Co-Chair)

Agriculture

Defense

Treasury

Energy

FEMA



DNSC Summary

- 56 Commodities
- 45 Locations
- \$1.74 Billion in Current Market Value

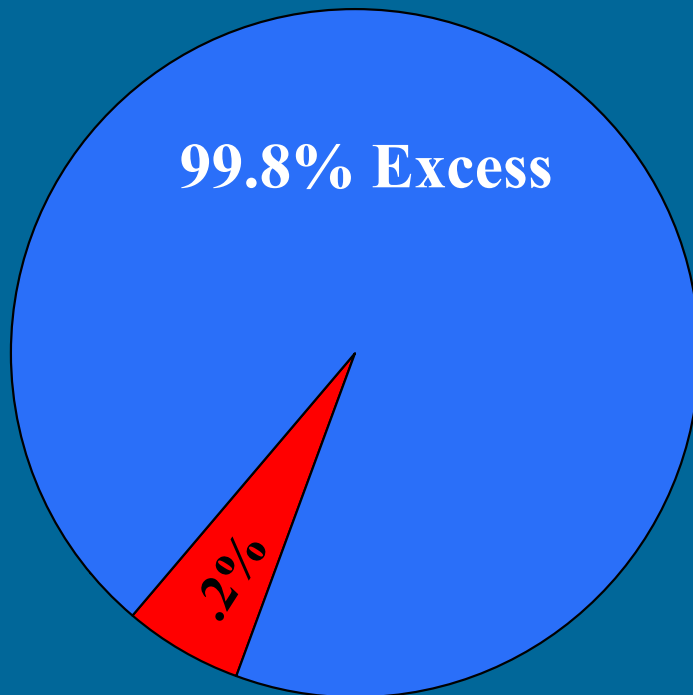


Outloading Tin - Hammond Depot

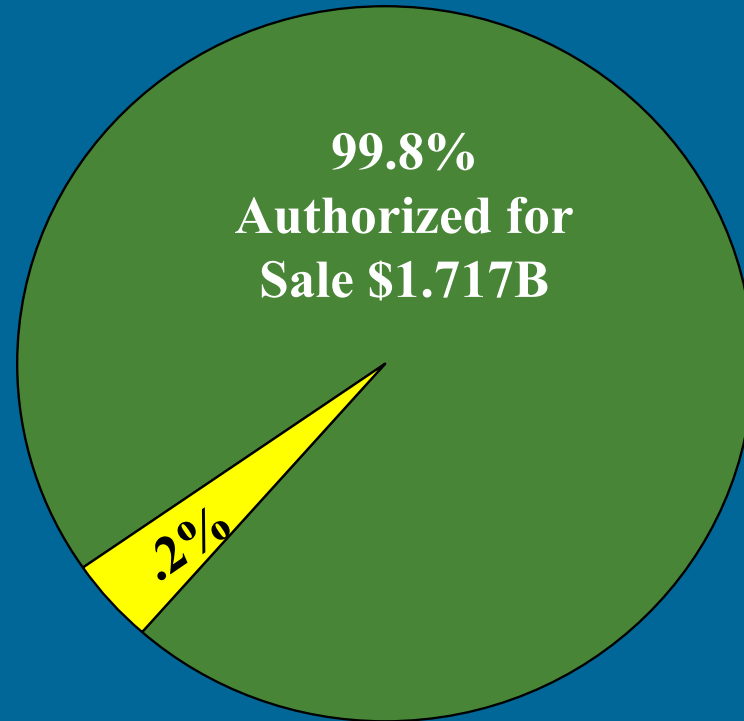


DNSC Total Inventory

\$1.74 B



2003 Requirements
Report \$90 M



Goal Material \$90 M

As of February 2003



Annual Materials Plan (AMP)

Tungsten Lbs W

	FY03 <u>AMP</u>	FY04 <u>AMP</u>
Ore/Concentrates	4,000,000	4,000,000
Ferro	300,000	300,000
Metal Powder	300,000	300,000



Tungsten Inventory

	Total <u>Lbs. W</u>
◆ Ferro	874,833
◆ Metal Powder	921,034
◆ Metal Scrap	133,243
◆ Ore/Concentrates	62,158,913*

** estimated pending analysis*



Tungsten Concentrates Inventory by Type (Lbs. W)

Ferberite	7,785,819*
Hubnerite	5,377,409*
Wolframite	20,011,686*
Scheelite	11,306,010*
Synthetic Scheelite	17,311,156*
Misc. Conc.	347,586*
(Sweeps, etc.)	
<i>Total</i>	<i>62,139,666*</i>

**estimated pending analysis*



Tungsten O&C Inventory

Concentrates

Binghamton, NY	4,947,757 lbs W
Clearfield, UT	2,382,924 lbs W
Columbus, OH	953,133 lbs W
Hammond, IN	355,438 lbs W
New Haven, IN	1,350,486 lbs W
Pt. Pleasant, WV	5,707,915 lbs W
Scotia, NY*	34,224,290 lbs W
Somerville, NJ	11,903,154 lbs W
Warren, OH	314,569 lbs W

Ore

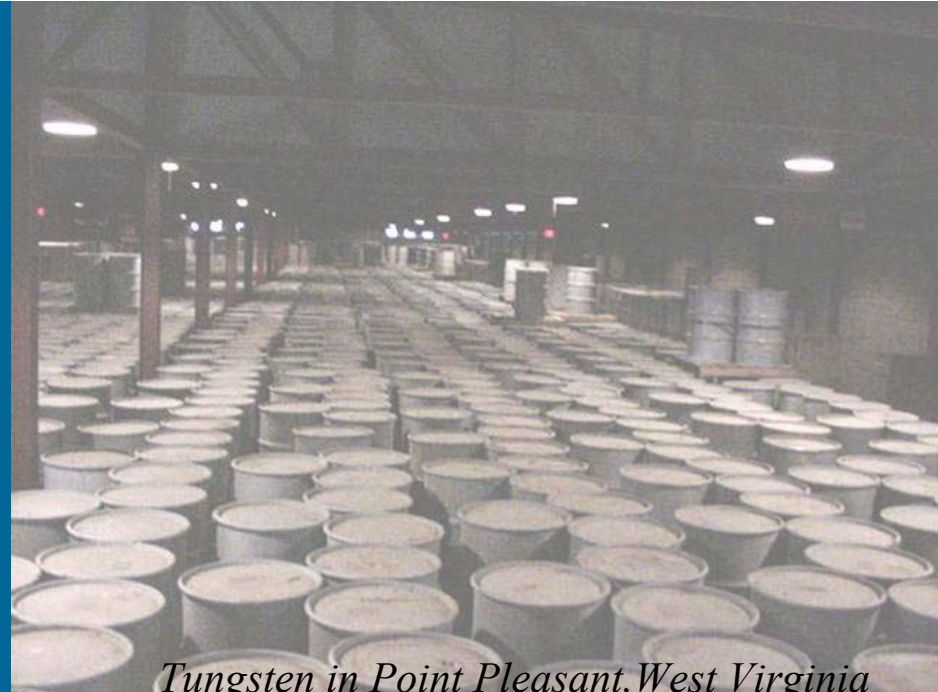
Herlong, CA	19,247 lbs W
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Total* 62,158,913 lbs W

**estimated pending analysis*



Hubernite Tungsten in Somerville, New Jersey



Tungsten in Point Pleasant, West Virginia



Synthetic Scheelite Tungsten in Scotia, New York

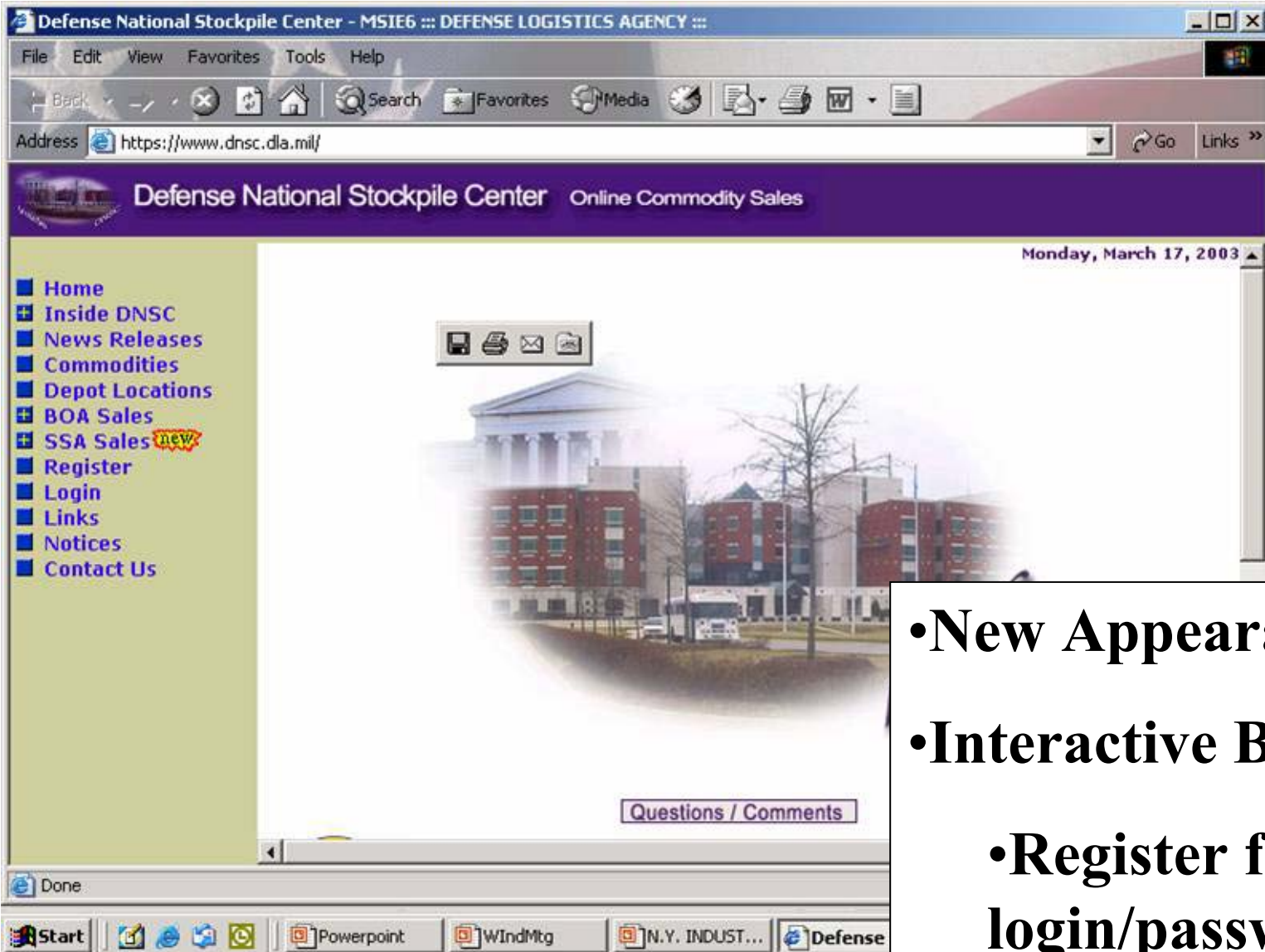


Tungsten in Scotia, New York



What's New at DNSC

- New look to DNSC web-site
- New sales methods added to sales portfolio
- New business practices



- New Appearance
- Interactive Bidding
 - Register for login/password
- Updated Information
- Customer/User Friendly



New Sales Methods



Stockpile Traditional Sales Methods

Sealed Bid

- Bids opened publicly
- Price is sole determinant
- All award information is made public

Negotiated

- Offers are not publicly opened
- Price and other factors are negotiable
- Only aggregate or provisional contract amounts and company name made public



Stockpile New Sales Methods

*Basic Ordering Agreement (BOA) and
Strategic Supply Alliance (SSA) have some
similarities:*

- Quotes are not publicly opened
- Some pre-negotiated terms
- Companies must pre-qualify to participate
- Only aggregate or provisional contract amounts and company name made public



Stockpile New Sales Methods

BOA

Basic Ordering Agreement

- Quantity available will be determined by the market
- DNSC performs continuous market research to determine type and quantity to sell
- Material available for sale will be announced on DNSC Web-site
- Short time to prepare quote with a specific due date and time; short response on acceptance of quote

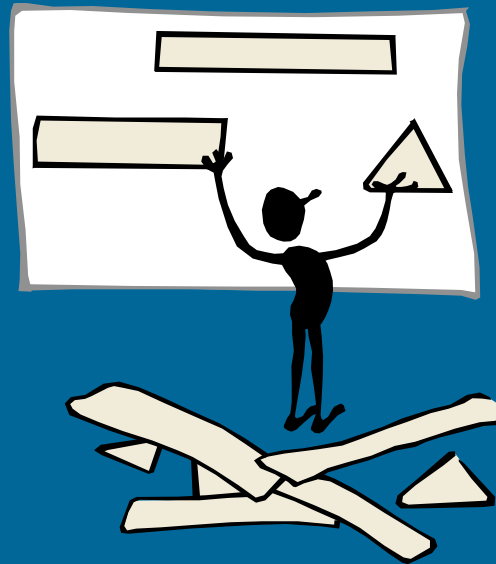
SSA

Strategic Supply Alliance

- Shopping List only available on the web-site.
- Quotes may be submitted anytime.
- DNSC performs continuous market research to determine appropriate market price – not disclosed
- Short removal period



Changes in Financial Business Practices





Financial Responsibility Definitions

◆ Financial Exposure Limit

- Maximum level of business

◆ Payment Terms

- Negotiated – Available, if qualify
- BOA – Available, if qualify
- SB – Not Available
- SSA – Not Available



Financial Responsibility Determination

- ◆ Establish Financial Exposure Limit for all Companies
 - Financial Position
 - Past Performance
 - References (Suppliers, Financial Institutions)
 - Credit Reports
- ◆ Monitor Financial Risks
- ◆ Monitor Performance



Financial Responsibility

- ◆ If exposure limit has been reached, all subsequent sales will cease until the account balance is reduced or exposure limit is increased.
- ◆ If account(s) are delinquent--
 - Shipment of commodities will stop until the delinquency is eliminated. (F.1.a)
 - Any monies received will be used to offset delinquent accounts. (G.11)



Overview of DRAFT DLA- Tungsten Ores and Concentrates-004

Strategic Supply Alliance for Tungsten Ores and Concentrates

**Industry Meeting on DNSC Sales of
Tungsten Ores and Concentrates**



DETAILS OF SSA By Section

Debbie Nicholson

Contract Specialist

DNSC-C2

(703)767-5478 (phone)

(703)767-5484 (fax)

deborah.nicholson@dla.mil



Tungsten

- ◆ **Solicitation: DLA-Tungsten Ores and Concentrates-004**
- ◆ **Sales Format: Strategic Supply Alliance (SSA)**
- ◆ **Sales/Offerings: 24 hours a day, seven days a week**
- ◆ **Material offered will be posted to the web-site**
- ◆ **FY 2003 AMP: 4,000,000 (LBS W)**
- ◆ **Remaining Balance is 1,000,000 (LBS W)**



Section A- Agreement/ Contract Form

- ◆ Agreement/Contract Form: an executed copy of the Strategic Supply Alliance Agreement, acceptance letter and the Quote/Award Form *together* will constitute a contract
- ◆ Shopping List will be posted to the web-site



Section B - Qualifying to Quote

- ◆ Companies may register and qualify under the SSA at any time
- ◆ Submittals to register and qualify under SSA:
 - Applicants must read and agree to conform to the terms and conditions of the Strategic Supply Alliance by completing pertinent sections of the SSA cover sheet
 - Complete Identifications I.2 through I.6 (Certifications under I.2 and I.3 are performed under the Quote process)
- ◆ Government will review submittals
 - Execute SSA and return copy to applicant



Section B - Qualifying to Quote

- ◆ All Applicants must submit the following:
 - Income statement and balance sheet
 - References for financial responsibility
- ◆ In addition, the Government will obtain a copy of Dun & Bradstreet Report and evaluate past performance (if applicable)



Section B - Qualifying to Quote

- ◆ Based on financial strength of company, determination will be made on the financial exposure limit extended to a company
- ◆ Notification will be forwarded to Applicant by letter within ten working days



Section B - Qualifying to Quote

- ◆ Re-evaluation of submittal documents and financial information may be required periodically
- ◆ Identifications under I.2 through I.6 must be updated annually or when conditions change
- ◆ Certifications related to Debarment (I.2) and Independent Pricing (I.3) are re-confirmed on the J.1 Quote/Award Form for each quote



Section C - Quotes Sales Procedures

- ◆ A listing of material available for sale will be posted on the DNSC website
<https://www.dnsc.dla.mil>
- ◆ Contacts for problems accessing website:
 - Peter Kim - (703) 767-5520
- ◆ Contacts for Contracting Issues:
 - Debbie Nicholson - (703) 767-5478
 - Rick Talbott - (703) 767-5497



Section C - Quotes

- ◆ Quoters must register for a logon and password on the DNSC web-site.
 - Quotes will only be accepted electronically through the DNSC web-site

- ◆ Contracts will be awarded within four hours of receipt or 11:00 a.m. local time, whichever is later. Quotes received after 3:00 p.m. local time, will be awarded by 11:00 a.m. local time the next business day.



Section C - Quotes

◆ Evaluation of Quotes

- Price alone

- Must have completed SSA package prior to quoting (**agreement must be in place**)

◆ Contract Award (SSA, Letter of Acceptance, and J.1)

- J.1 Quote/Award Form - signed by Contracting Officer in the Award section



Section D - Payment

◆ Cash and Carry

- Payment before shipment
- Shipment before contract expiration date

◆ Set-off of Funds

- All monies received by the Government may be used to satisfy any outstanding Contractor debt



Section E- Removal

◆ Removal

- 15 calendar days from contract award
- Failure to remove before the 15th calendar day after award the following will occur:
 - Contract will be Terminated for Default (no prior notification required)
 - Default charges assessed
 - Future responsibility determination would be affected



Section F - Shipping

Request for Shipment

- ◆ **J.2 Shipping Instructions** must be sent/faxed to the Contracting Officer to initiate release of material
- ◆ Two working days prior to date of shipment commercial bills of lading must be provided to the depot
- ◆ No material will be shipped until all delinquent charges are paid (See F.1a.)



Section G - Contract Administration

◆ Amendments and Modifications

- Shall be in writing and signed by Contracting Officer *(Notify the Contracting Officer immediately when performance problems are anticipated and mitigate your damages. The minimum administrative fee for a modification to a contract is \$1,500.)*

◆ Title

- Title to material passes to buyer after payment



ELECTRONIC BULLETIN BOARD

<https://www.dnsc.dla.mil>

- ◆ Participants will be able to access Tungsten sales information from DNSC Home Page
- ◆ Quote/Award Form (J.1) will automatically be generated when the quote is submitted electronically.



Questions or Comments

- ◆ Maximum quantity per customer
- ◆ Maximum quantity per month/week
- ◆ Removal period
- ◆ Increase to AMP quantity



**The Tungsten Team thanks you for
your attendance and participation!**

◆ Debbie Nicholson - Contract Specialist,

(703) 767-5478

deborah.nicholson@dla.mil

◆ Russ Foster - General Supply Specialists,

(703) 767-7619

russell.foster@dla.mil

◆ Frank Ringquist – Market Analyst, (703) 767-6479

frank.ringquist@dla.mil



Defense National Stockpile Center

Points of Contact

CORNEL HOLDER

Administrator, 703-767-5500

CHERYL DEISTER

Director, Contracting, 703-767-5475

PETER MORY

Director, Marketing, 703-767-6485

RICK TALBOTT

Contracting Officer, 703-767-5497

FRANK TAYLOR

Chief, Financial Integrity, 703-767-6530

ESSIE SCHLOSS

Counsel, 703-767-7648

The Defense National Stockpile Center

<https://www.dnsc.dla.mil>

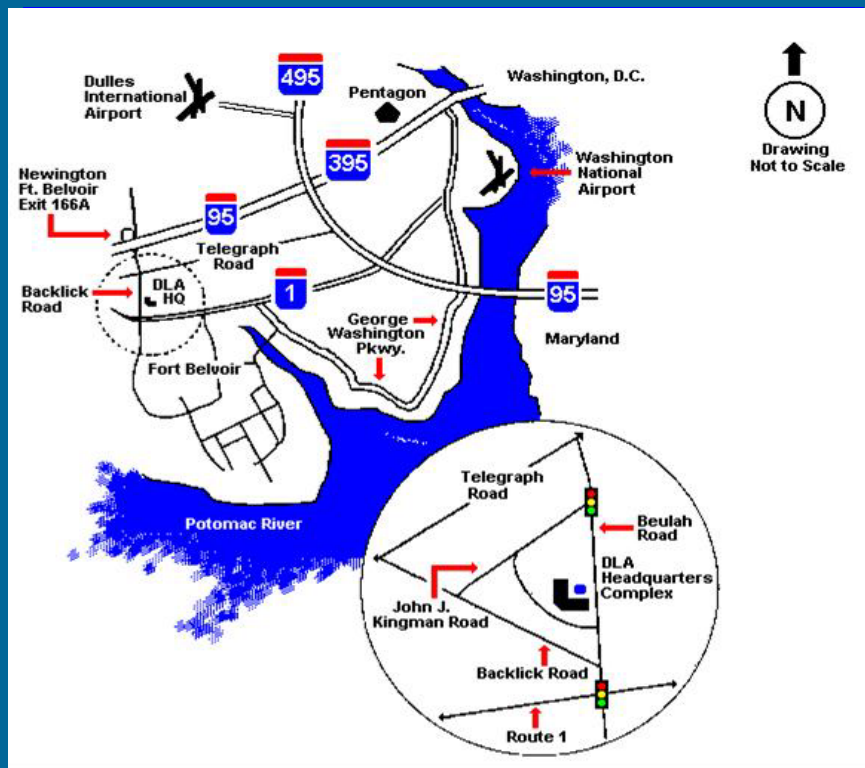


Come Visit Us

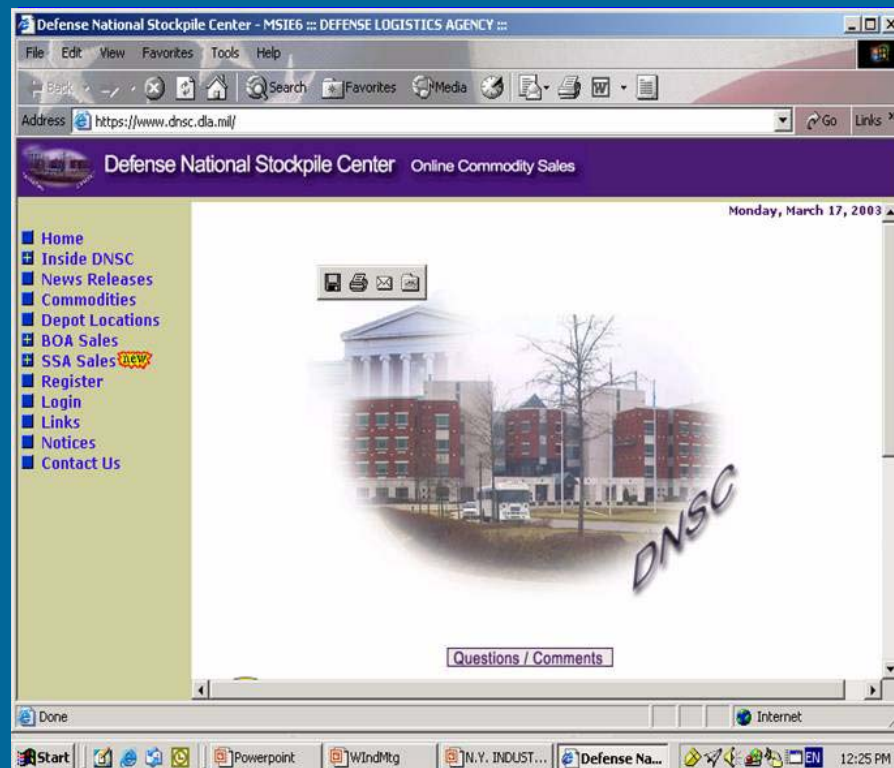
703-767-5500

...at the office

...or on our website



Fort Belvoir, VA



<https://www.dnsc.dla.mil>